

REMARKS

Claims 1, 4, 6, 8, 9-12, 15, 17, 19-23, 26, 28, 30-39 are pending in the application. Claims 5, 7, 16, 18, 27, and 29 have been previously canceled without prejudice or disclaimer. Claims 2, 3, 13, 14, 24, and 25 are canceled herein without prejudice or disclaimer. Claims 34-39 are added herein. Claims 1, 4, 11, 12, 15, 22, 23, 26, and 33 are amended herein. Claims 1-4, 6, 8-15, 17, 19-26, 28, and 30-33 have been rejected. Applicants respectfully traverse these rejections based on the following discussion.

I. The Claim Rejections

A. The Position in the Office Action

Claims 1-4, 6, 8-15, 17, 19-26, 28, and 30-33 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Huberman (U.S. Patent No. 5,826,244) in view of Johnson, et al. (U.S. Patent No. 6,047,274) hereinafter referred to as "Johnson".

B. The Huberman Reference

Huberman teaches a system and method to enable and facilitate networked, automated, brokered auctioning of document services. A plurality of processes are executed, including a customer process representing a customer, a supplier process representing a supplier, and a broker process capable of serving as an intermediary between the customer and supplier processes. The broker process is provided with a description of a document service. Responsively to the description thus provided, an auction for the document service is conducted, as follows: a customer or supplier process submits a bid for the document service; the broker process receives bidding information including the submitted bid; the broker process attempts to

establish a price for the document service responsively to the received bidding information and, if a price can be established, establishes the price; if a price is established, the broker process proposes a transaction wherein the document service is to be provided at the established price; and if the proposed transaction is accepted, it can proceed automatically.

C. The Johnson Reference

Johnson teaches an auction service that stimulates competition between energy suppliers (i.e., electric power or natural gas). A bidding moderator (Moderator) receives bids from the competing suppliers of the rate each is willing to charge to particular end users for estimated quantities of electric power or gas supply (separate auctions). Each supplier receives competing bids from the Moderator and has the opportunity to adjust its own bids down or up, depending on whether it wants to encourage or discourage additional energy delivery commitments in a particular geographic area or to a particular customer group. Each supplier's bids can also be changed to reflect each supplier's capacity utilization. Appropriate billing arrangements are also disclosed.

D. Applicants' Response

As amended, the claimed invention is patentable over Huberman, whether taken alone, or in combination with Johnson. Specifically, the prior art of record does not disclose or make obvious a method or computer system for dynamically bidding through a software agent comprising, "said agent initially selecting a plurality of auctions to place bids in, in accordance with said bidding-related information and a current status of one or more auctions, and placing bids in said plurality of auctions, wherein said plurality of auctions are located across multiple

online auction sites and are scheduled to close for bidding simultaneously; and said agent, on being outbid in an auction, itself determining, on the basis of said bidding-related information and by checking the current status of one or more auctions, wherein said checking comprises obtaining information relating to a value of a current highest bid in a first auction and using said information in determining whether to place an additional bid in said first auction or some other auction and, if so said agent determines to place an additional bid, said agent selecting an auction to place said additional bid in, and placing said additional bid in said selected auction” as generally recited in independent claims 1, 11, 12, 22, 23, and 33.

More particularly, Huberman specifically teaches away from the amended claimed invention. For example, col.18, lines 25-50 of Huberman make reference to a multiple auction environment. However, col. 18, lines 42-43 of Huberman specifically states, “[e]ach auction is for a separate job, that is, for a separately specified document service...” and col. 18, lines 47-50 of Huberman specifically states, “[i]n determining the results of any given auction, broker process 230 need not take into account the proceedings or results of any other auction” (emphasis added). This is contrary to the claimed invention, which uses the status/results of one auction in determining whether to place an additional bid in that same auction or in another auction. This is a particularly advantageous attribute of the claimed invention in that the bidder’s overall profitability is maximized especially when he/she is outbid in a first auction, thus the agent acting through the bidder can decide whether it is prudent to make a subsequent bid in the first auction. This determination is enhanced based on the results of another auction(s), where if the bidder has won a second auction (for example), the agent may determine that it would not be profitable for the bidder if a subsequent bid is made in the first auction. Similarly, if the bidder has lost a second auction, the agent may determine that it is necessary to make a subsequent bid

in the first auction in order to acquire a particular good/service. Thus, the claimed invention provides the ability of the software agent to retrieve information from multiple auctions in making its decision of whether to bid or continue to bid in a particular auction. Huberman does not teach this aspect of the claimed invention, and as indicated in the quoted language recited above, Huberman actually teaches away from this aspect of the claimed invention.

The Office Action of January 14, 2004, which the present Office Action (of October 25, 2004) maintains and refers to, suggests, on page 3, that Huberman discloses, "said agent initially receiving bidding-related information from a bidder (col. 8 line 66 - col. 9 line 6);" however, a careful reading of Huberman discloses no such teaching. In particular, col. 8 line 66 - col. 9 line 6 of Huberman recites:

Processes 210, 220, 230 can include or be coupled to user interface software (not shown) to allow for varying degrees of human intervention and control in the auction proceedings. For example, if a human customer represented by customer process 210a needs or wants to purchase a particular document service, the human customer can instruct customer process 210a via a user interface to place a request for the document service with a broker.

There is nothing in the above language that describes the bidding-related information. Rather, the above language merely refers to the human customer instructing the customer process 210a to place a request with a broker.

Next, page 3 of the January 14, 2004 Office Action suggests that col. 9 lines 6-19 of Huberman discloses, "said agent initially selecting a plurality of auctions to place bids in, in accordance with said bidding-related information and the current status of one or more auctions, and placing bids in said plurality of auctions." However, a careful reading of Huberman discloses no such teaching. Accordingly, col. 9 lines 6-19 of Huberman recites:

Customer process 210a can communicate the request to broker process 230, and the auction proceedings for the document service can then proceed more or less automatically, with little or no human intervention, until the auction is complete and the broker process 230 has determined a winning bid, for example from supplier process 220a, and has determined a price for the document service in accordance with a set of auction rules. Further, broker process 230 can automatically propose to customer process 210a a transaction, based on the winning bid, in which the real-world supplier represented by supplier process 220a is to provide the document service for the human customer represented by customer process 210a at the price determined by broker process 230 in the auction.

Here, there is no mention of a plurality of auctions. While col. 18 of Huberman does refer to multiple auctions, clearly Huberman does not disclose selecting a plurality of auctions to place bids in, in accordance with checking the current status of one or more auctions as does the claimed invention.

Additionally, the Office Action concludes that col. 17, lines 1-5 of Huberman teaches that an agent may make bids on behalf of a customer up to a preauthorized spending limit, and that this equates with the claimed invention's recitation that the "current bidder surplus of said bid is maximized" and that the "current bidder profitability of said bid is maximized." However, Applicants contend that this is an erroneous conclusion reached in the Office Action.

Huberman does not describe what constitutes a "preauthorized spending limit", whereas the claimed invention specifically recites that the bidding-related information comprises, among other elements, "a specified limit on a total value of each bid in each auction and a total value of all bids from all auctions." For example, according to the claimed invention, suppose a bidder wishes to buy up to two personal computers from amongst various online auctions currently in progress at various auction sites. The bidder identifies three auctions, A, B, and C all of which are scheduled to close at the same time. The bidder is willing to pay up to \$1000 in auction A,

up to \$800 in auction B, and up to \$900 in auction C. Also, the bidder's total budget for buying up to two personal computers is \$1600 total. Thus, this is a clear distinction between the claimed invention and Huberman, wherein the claimed invention differentiates between the spending limits in (1) each auction; and (2) the total amount. Conversely, Huberman merely states that the intelligent agent makes "bids on behalf of the customer up to a preauthorized spending limit." There is no suggestion in this language that there is a differentiation between how much the agent may spend in any particular auction, rather this language indicates that the bidder provides a total spending limit without indicating a limit in each auction.

Furthermore, the Office Action admits that "Huberman does not specifically disclose selection of an auction for placing a bid in, whether initially or on being outbid, by said agent, is to be such that the current bidder surplus of said bid is maximized and non-negative..." Nonetheless, the Examiner takes Official Notice that the system may be configured to provide a specified measure of surplus to the system for each transaction, including maximizing the surplus, up to an upper limit of the customer's specified needs and preauthorized spending limit., and would be obvious to one of ordinary skill in the art to modify the disclosure of Huberman to specifically disclose the claimed invention. Essentially, the Office Action is attempting to piece together various components of the claimed invention from no specified prior art references and combining them with Huberman in an attempt to teach the claimed invention.

The Office Action makes several assumptions regarding what is well-known in the art, and how obvious it would be to combine these so-called well-known features with Huberman in order to try and teach the claimed invention. However, there is no description of how these so-called well-known features would be combined and implemented with the teachings of Huberman in order to teach the claimed invention. MPEP §2144.03 provides that an "examiner

may take official notice of facts outside of the record which are capable of instant and unquestionable demonstration as being 'well-known' in the art," quoting *In re Ahlert*, 424 F.2d 1088, 165 USPQ 418, 420 (CCPA 1970). However, Applicants challenge how well-known it is to (1) use auction mechanisms as used in the claimed invention; (2) impose bidding constraints as provided in the claimed invention; (3) differentiate between spending limits in multiple auction environments as in the claimed invention; and (4) how bidding surplus and bidding profitability is maximized as in the claimed invention.

Applicants previous request for evidence (in the Amendment filed March 23, 2004) which supports these propositions have not been answered, and as such no evidence is provided in support of the contention in the Office Action. MPEP §2144.03(C) states:

If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2).

Therefore, because no documentary evidence has been provided in the current Office Action in support of the so-called well known facts, the MPEP, as indicated above, suggests that the rejection cannot be maintained. Therefore, the Applicants respectfully request that the Examiner reconsider and withdraw the rejections to the claims based on purported well-known facts taken as Official Notice.

Nonetheless, once again, Applicants respectfully make a demand for evidence which supports the proposition asserted in the Office Action as to the whether the above-identified

elements are in fact well-known. MPEP §2144.03 goes onto indicate that “assertions of technical facts in areas of esoteric technology must always be supported by citation of some reference work” and “allegations concerning specific ‘knowledge’ of the prior art, which might be peculiar to a particular art should also be supported.” The Applicants suggest that the claimed invention may constitute esoteric technology, and as such requires support by citation of some reference work by the Examiner. Moreover, MPEP §2144.03 further states that “[t]he facts so noticed serve to ‘fill the gaps’ which might exist in the evidentiary showing and should not comprise the principle evidence upon which a rejection is based.” Applicants suggest that the Office Action has used the so-called well-known facts as the principle evidence to make its rejection and not merely to “fill the gaps”.

Moreover, Huberman is similarly bereft of any language that indicates that the agent, without further recourse to the bidder, has the ability to act on behalf of the bidder during the course of the auctions as well as the decisions to be made upon completion of one or more of the auctions the agent had been participating in. This is a significant feature of the claimed invention, which Huberman lacks, and the fact that Huberman lacks this feature is admitted in the Office Action (see page 3). Nonetheless, the Office Action concludes that it would have been obvious to combine the teachings of Johnson with Huberman to teach this feature.

However, upon closer scrutiny of Johnson it is clearly evident that the agent has no such authority or ability to act on behalf of the bidder for one simple reason: there is no agent in the method and system disclosed in Johnson, which is contrary to the claimed invention. In Johnson, the bidder acts alone and represents himself. Again, there is no agent to act on its behalf. Therefore, there is no agent in Johnson with the authority to perform the methods described in the claimed invention. Rather, in Johnson the bidder (energy suppliers) submits its bid(s)

directly to the auction, which is conducted by a Moderator. Here, Moderator does not equate to Agent, because the agent in the claimed invention does not conduct the auctions. However, the Moderator in Johnson conducts the auctions, thus in essence, the Moderators in Johnson are the auctioning entity. Conversely, in the claimed invention the auctioning entity is one of many on-line auctions, and the agent is a separate entity from the auction(s). Thus, in Johnson when the energy supplier (bidder) is unsuccessful in its bid, the Moderator allows the bidder to decide whether it desires to re-bid. Again, there is no agent to act on the bidders behalf. Thus, Johnson teaches a wholly different aspect of auctioning (one in which there is direct bidding from a bidder). Therefore, it is legally impermissible to combine Johnson with Huberman because they teach away from one another; one uses direct bidding, the other does not. This is significant because it would not be logical to combine the method of Johnson with Huberman because they involve two separate auctioning processes. That is, one of ordinary skill in the art would not be motivated to combine two distinct and mutually exclusive processes which solve separate and unique problems.

Insofar as references may be combined to teach a particular invention, and the proposed combination of Huberman with Johnson, case law establishes that, before any prior-art references may be validly combined for use in a prior-art 35 U.S.C. § 103(a) rejection, the individual references themselves or corresponding prior art must suggest that they be combined.

For example, in In re Sernaker, 217 U.S.P.Q. 1, 6 (C.A.F.C. 1983), the court stated: "[P]rior art references in combination do not make an invention obvious unless something in the prior art references would suggest the advantage to be derived from combining their teachings." Furthermore, the court in Uniroyal, Inc. v. Rudkin-Wiley Corp., 5 U.S.P.Q.2d 1434 (C.A.F.C. 1988), stated, "[w]here prior-art references require selective combination by the court to render

obvious a subsequent invention, there must be some reason for the combination other than the hindsight gleaned from the invention itself. . . . Something in the prior art must suggest the desirability and thus the obviousness of making the combination.”

In the present application, the reason given to support the proposed combination is improper, and is not sufficient to selectively and gratuitously substitute parts of one reference for a part of another reference in order to try to meet, but failing nonetheless, the Applicant’s novel claimed invention. Furthermore, the claimed invention, as amended, meets the above-cited tests for obviousness by including the elements relating to using the results of one auction(s) for determining whether to bid and/or continue bidding in another auction. As such, all of the claims of this application are, therefore, clearly in condition for allowance, and it is respectfully requested that the Examiner pass these claims to allowance and issue.

As declared by the Federal Circuit:

In proceedings before the U.S. Patent and Trademark Office, the Examiner bears the burden of establishing a prima facie case of obviousness based upon the prior art. The Examiner can satisfy this burden only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references. In re Fritch, 23 U.S.P.Q.2d 1780, 1783 (Fed. Cir. 1992) citing In re Fine, 5 U.S.P.Q.2d 1596, 1598 (Fed. Cir. 1988).

Here, the Examiner has not met the burden of establishing a prima facie case of obviousness. It is clear that, not only does Huberman fail to disclose all of the elements of the claims of the present invention, particularly, the elements provided in the amended claimed language. The unique elements of the claimed invention are clearly an advance over the prior art.

The Federal Circuit also went on to state:

The mere fact that the prior art may be modified in the manner suggested by the Examiner does not make the modification obvious unless the prior art suggested the desirability of the modification. . . . Here the Examiner relied upon hindsight to

arrive at the determination of obviousness. It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. This court has previously stated that one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention. Fritch at 1784-85, citing In re Gordon, 221 U.S.P.Q. 1125, 1127 (Fed. Cir. 1984).

Here, there is no suggestion that Huberman, alone or in combination with Johnson teaches a method and apparatus containing all of the limitations of the claimed invention. Consequently, there is absent the "suggestion" or "objective teaching" that would have to be made before there could be established the legally requisite "prima facie case of obviousness."

Furthermore, as previously mentioned even if Huberman were to be combined with Johnson, it would still fail to teach the novel aspects of the invention. In fact, the claimed invention is different from Huberman or Johnson, whether alone or in combination with one another, and moreover, the invention is unobvious in light of the restrictive teachings of the prior art references of record. In view of the foregoing, the Examiner is respectfully requested to reconsider and withdraw these rejections.

II. Formal Matters and Conclusion

Therefore, the Applicant respectfully submits that independent claims 1, 11, 12, 22, 23, and 33 are patentable over Huberman, even if combined with Johnson. Furthermore, dependent claims 4, 6, 8-10, 15, 17, 19-21, 26, 28, 30-32, and 34-39 are similarly patentable, not only by virtue of their dependency from a patentable independent claim, but also by virtue of the additional features of the invention they define. In view of the foregoing, Applicants submit that claims 1, 4, 6, 8, 9-12, 15, 17, 19-23, 26, 28, 30-39, all the claims presently pending in the application, are patentably distinct from the prior art of record and are in condition for allowance.

Furthermore, no new matter is presented, as all claimed language is fully supported by the specification and drawings. The Examiner is respectfully requested to pass the above application to issue at the earliest possible time.

Should the Examiner find the application to be other than in condition for allowance, the Examiner is requested to contact the undersigned at the local telephone number listed below to discuss any other changes deemed necessary. Please charge any deficiencies and credit any overpayments to Attorney's Deposit Account Number 09-0441.

Respectfully submitted,

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